



February 18, 2016

The Honorable Fred Upton  
Chairman, House Energy and Commerce  
Committee  
United States House of Representatives  
Washington, D.C. 20515

The Honorable Joseph Pitts  
Chairman, House Energy and Commerce  
Committee, Subcommittee on Health  
United States House of Representatives  
Washington, D.C. 20515

Dear Chairmen Upton and Pitts:

Thank you for reaching out to the health care community in search of feedback on the enactment of section 603 of the Bipartisan Budget Act of 2015, which established a new, site-neutral Medicare payment policy for newly acquired, provider-based, off-campus hospital outpatient departments after November 2, 2015. The National Association of Urban Hospitals appreciates this opportunity and would like to share our perspective on this issue of importance to many private, non-profit urban safety-net hospitals.

NAUH shares the concern of many others about the impact of this new policy. With this in mind, we suggest four circumstances under which the new site-neutral payment policy should not apply.

First, while your letter of February 5 duly notes that such a policy was recommended on a number of occasions by the Medicare Payment Advisory Commission, this concept has not been widely discussed by Congress and hospitals had little reason to believe the introduction of such a new Medicare payment policy was imminent. As a result, some providers launched the development of outpatient department projects based on reimbursement policy prior to the 2015 act's passage. Accordingly, we suggest that projects under way at the time of the bill's passage be exempt from the new payment policy.

Second, NAUH is concerned that the new payment policy could inhibit the development of outpatient programs that benefit the medically underserved. For this reason, we recommend that outpatient projects serving federally designated Medically Underserved Areas (MUAs) and Health Professional Shortage Areas (HPSAs) be exempt from the new payment policy.

Third, it is widely believed that the consolidation of health care providers can greatly improve the delivery of care while reducing health care costs. For this reason, NAUH recommends that the new payment policy not apply to multi-campus hospitals when their projects involve the expansion of existing hospital-based practices to their other campuses. We recommend the same when hospitals merge, acquire other hospitals, or are acquired because in each instance, as is the case with multi-campus hospitals, the facilities involved existed prior to passage of the new law and their joining of forces ultimately should enhance the efficiency of the health care system.

Fourth, existing outpatient care programs sometimes need to relocate or expand to ensure their continued ability to meet the needs of their communities. NAUH recommends that existing programs that relocate or expand within a stipulated period of time be exempt from the new payment policy.





The nation's private, non-profit urban safety-net hospitals understand the impetus behind the new approach to site-neutral payments for Medicare outpatient services but believe that applying the new policy under the specific circumstances noted above could detract from the broader goal of moving more types of medical care out of the inpatient setting and into outpatient facilities. Adopting the exceptions recommended above would help achieve this important public policy objective without compromising Congress's intentions in the Bipartisan Budget Act of 2015.

NAUH greatly appreciates your interest in the perspective of the hospital community on this important issue and the opportunity to offer our views on the new Medicare outpatient site-neutral payment policy and welcomes any questions you may have about our organization or our views on this issue.

Sincerely,

A handwritten signature in black ink that appears to read "Ellen Kugler".

Ellen Kugler  
Executive Director

cc: The Honorable Frank Pallone, Jr., Ranking Member  
The Honorable Gene Greene, Ranking Member, Subcommittee on Health

### About the National Association of Urban Hospitals

The National Association of Urban Hospitals advocates for adequate recognition and financing of private, non-profit, urban safety-net hospitals that serve America's needy urban communities. These urban safety-net hospitals differ from other hospitals in a number of key ways: they serve communities whose residents are much older and poorer; they are far more reliant on Medicare and Medicaid for revenue; they provide far more uncompensated care; and unlike public safety-net hospitals, they have no statutory entitlement to local or state funds to underwrite their costs. NAUH's role is to ensure that when federal officials make policy decisions, they understand the implications of those decisions for these distinctive urban safety-net hospitals. NAUH pursues its mission through a combination of vigorous, informed advocacy, data-driven positions, and an energetic membership with a clear stake in the outcome of public policy debates.

